

Another accountant at Demetriades Shakos Piphanis, Andreas Mavromatis, is a director of Denby Holdings and Benam Holdings, both of which also have Robert Shetler-Jones as a director.<sup>355</sup> Global Witness called Mavromatis at his office to seek comment on the Dema companies, his relationship with Shetler-Jones<sup>356</sup> and whether Mavromatis has any relationship with Dmytro Firtash, the man behind the registration of ETG. When Global Witness mentioned the words 'Ukrainian gas industry', Mavromatis abruptly passed the call back to a secretary who first claimed that he was 'on other business', then suggested he had passed the call back to her because he did not speak good English.<sup>357</sup> Global Witness then faxed questions to Mavromatis, Demetriadou and Piphani. A Greek-speaking contact of Global Witness later phoned Mavromatis seeking comment on our questions. His secretary stated that the company would not be helping Global Witness with its research and asked us not to bother them again.<sup>358</sup>

There is a business connection between the Dema companies, Ukraine and Dmytro Firtash, the founder of ETG. Dema Nominees and Dema Trustees are joint owners of a company called ACI Trading Ltd, whose director is Andreas Mavromatis. ACI Trading trades in chemicals and has a representative office in Ukraine.<sup>359</sup> According to Global Suppliers Online, a business website, ACI Trading's clients include the Crimean Soda Plant, which is 89% owned by RSJ Erste, Shetler-Jones' Hamburg-based company (see box: *An Englishman in Ukraine*) and the Nitrofert fertiliser plant in Estonia, whose chairman is Dmytro Firtash (see section: *The mysterious Mr D.V. Firtash*).<sup>360</sup>

These connections indicate that the Dema companies have indirect relationships, via ACI Trading, with companies controlled by Robert Shetler-Jones and Dmytro Firtash. In an interview with the *Kyiv Post* in 2005, Shetler-Jones said 'I have met Mr Firtash on several occasions and we are acquainted',<sup>361</sup> adding that Firtash was not a shareholder in Shetler-Jones' company, RSJ Erste.

#### **'We will not be replying to your questions' (David A.H. Brown)**

Global Witness also made extensive efforts to seek comment from Shetler-Jones about his connections to ETG and RosUkrEnergo by email, by phone and in person at his house in Devon. Although Shetler-Jones agreed in November 2005 to respond to questions by email, he did not reply to these questions when they were sent by Global Witness. Attempts to reach Shetler-Jones, David Brown and Howard Wilson, the director of JKX Gas BV, by phone at the Denby Holdings office in London were unsuccessful: a secretary indicated that they were either unavailable or unwilling to



Shetler-Jones and David Brown work out of this London office.

*Global Witness*

respond. Global Witness then visited the office, which is on the top floor of a building in the smart London district of Belgravia, to hand-deliver letters to Shetler-Jones and Brown, asking for comment on the issues raised in this report. A middle-aged British man at the office took the letters but refused to give his name.

Global Witness then received a letter from David Brown, written on behalf of himself and Shetler-Jones, which stated: 'We will not be replying to your questions.' He added: 'We have no idea why you should have the need or right to ask us questions which have nothing to do with you. To the extent you refer to various companies, they all appear to be private companies where revelation of any information over and above that which you have obtained, is not required by law.' However, Brown confirmed that he had been a friend of Howard Wilson since 1960 and that they had gone to school together.<sup>362</sup>

In summary, the tangled story of Eural Trans Gas, its origins and its changing shareholders is one that leaves a trail of unanswered questions. Gazprom and Naftohaz agreed in late 2002 to share control of the gas transit trade from Turkmenistan to Ukraine, so why was this role taken by ETG, a private company never owned by either party? Why was the company created, according to one of its founders, at the behest of Ukrainian businessman Dmytro Firtash, whose name does not appear on any of the available company documents?

The ownership of ETG then passed into the hands of several companies which were based in different jurisdictions but linked back, via overlapping shareholdings and directorships to two holding companies in Cyprus. Why was it necessary to create this opaque and complicated structure, what was its commercial rationale, and who ultimately profited from it?

As the next section will show, there was plenty of profit involved. What is less clear is exactly how ETG made its

## An Englishman in Ukraine

Robert Shetler-Jones is a British businessman, who first came to prominence working in real estate in Ukraine and Russia.<sup>363</sup> Though he owns a cottage in Devon, he is mainly resident abroad.

2004 was a big year for Shetler-Jones. Aside from his involvement in Eural Trans Gas, he invested heavily in other industrial enterprises within Ukraine. In February 2004, he bought an 89% controlling share for US\$70 million in Krymsoda, Ukraine's largest industrial soda plant, through his Hamburg-based company RSJ Erste.<sup>364</sup> Later in the year, President Kuchma decreed that the state property fund should set up a joint venture involving Crimean Titan, Ukraine's largest producer of titanium oxide, with a foreign investor. RSJ Erste was chosen as the partner.<sup>365</sup> It is unclear exactly where Shetler-Jones garnered the capital to purchase these investments. In unpublished extracts from an interview with a *Kyiv Post* journalist in 2005 which have been seen by Global Witness, Shetler-Jones stated that he was bound by confidentiality agreements on the source of his funding and would only say that it came from 'various European sources. The money is a mix of debt and equity.' He also stated that, as he had to operate through a European bank, the source of the income and the ultimate beneficial owners of the funds had to be clear to the bank.<sup>366</sup>

Elsewhere in the interview, Shetler-Jones said that he first met Ukrainian businessman Dmytro Firtash around early 2003. This would have been when JKX Oil & Gas Plc was considering participation in Eural Trans Gas. According to Shetler-Jones, he had done some consultancy work for JKX Oil & Gas Plc, and was on close terms with one of its directors. He said: 'I have met Mr Firtash on several occasions and we are acquainted' and added that Firtash was not a shareholder in Shetler-Jones' company, RSJ Erste. According to Shetler-Jones, he did not know at the



**British businessman Robert Shetler-Jones has his fingers in many pies in the Ukraine.** *Kyiv Post*

time that Firtash was the director of Highrock Holdings, and was meeting him because Firtash knew how the gas system worked in Ukraine.<sup>367</sup> The interview took place before Zeev Gordon told Global Witness that he had registered ETG on behalf of Dmytro Firtash.

Robert Shetler-Jones also owns 75% of AG für chemische Industrie, a chemical industry company registered in Hamburg. A man named Hans Peter Moser is the vice chairman of the board. Companies House records show Moser to be the head of the governing board of a Swiss company named Bothli. A news report on a website for a Hungarian gas trader that employs some former ETG officials states that, in 2004 Hungary acquired two billion m<sup>3</sup> of gas from ETG, via Bothli.<sup>368</sup> Little is known about Moser, but it has been reported that he was involved in a company called Falkon Capital that was used to pay Russia's debt to the Czech Republic.<sup>369</sup>

Global Witness sought to interview Shetler-Jones and at his request sent him a series of questions about his involvement in the Ukrainian gas trade and his relations with Dmytro Firtash. Global Witness later contacted Shetler-Jones and his business associate, David Brown, via their London office, but both refused to answer our questions through a letter sent by Brown. (See section: *We will not be replying to your questions*).

## How much money? And for what? And to whom?

Eural Trans Gas was an intermediary company in the purest sense: without its own pipelines and, at the moment of its creation, without any gas supplies. It is not clear what services the company was intended to provide given that, according to the contract, Gazprom itself was to move the gas through its own pipelines. In an interview with *Zerkalo nedeli*, a Ukrainian weekly, Knopp spoke about ETG's services: 'Here [at the Russian-Ukrainian border] we hand [the gas] over to Naftohaz. It seems so simple, but on all stages of the journey our specialists from local representatives follow the flow of gas, participating in the preparation of many things, completing other necessary formalities.' Knopp added: 'In other circumstances we even arrange barter procedures for local specialist firms.'<sup>371</sup> Global Witness wrote to Knopp, asking him to clarify what ETG's services entailed. Through his legal representation, Knopp declined to answer questions.

In unpublished comments to a Ukrainian journalist, which were later provided to Global Witness by the latter, Knopp stated that: 'ETG is probably necessary because you sometimes need an outsider to keep peace between the spouses.'<sup>372</sup> If Knopp's understanding of ETG is correct, Ukraine was depending on a 'peacekeeper' whose ultimate beneficiaries were not known to the general public, and one which deprived Gazprom of potential revenues by selling gas in European markets, detailed below.

Global Witness has seen a copy of the contract signed by Gazprom's Aleksandr Ryazanov and ETG's Andras Knopp, agreeing terms for the supply of Turkmen gas to Ukraine via Russia from 2003. The contract states that ETG paid Gazprom US\$425 million for transportation services in 2003.<sup>373</sup> As payment for its services as an intermediary company, ETG received from Ukraine 13.4 billion m<sup>3</sup> of gas out of the total 35.4 billion m<sup>3</sup> that it delivered. This gas was then resold in Ukraine and other European countries by ETG.

Only snippets of information about ETG's sales in European markets are available. ETG's website speaks of an agreement to sell three billion m<sup>3</sup> of gas to Gazexport's German subsidiary ZMB, signed in May 2003.<sup>374</sup> In unpublished material from an interview with the *Kyiv Post* obtained by

Our existence benefits everybody  
Andras Knopp, ETG managing director<sup>370</sup>

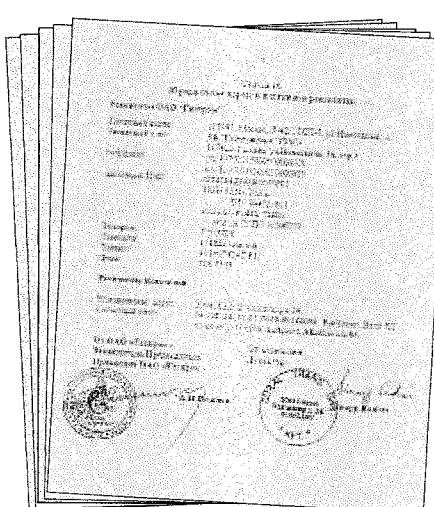
Global Witness, Andras Knopp spoke of an agreement between ETG and a UK-based Gazprom subsidiary.<sup>375</sup> Polish press reports state that Poland's state gas company, PGNiG, purchased at least 2.5 billion m<sup>3</sup> of gas from ETG between October 2003 and the end of 2004. The price was not disclosed due to 'business confidentiality.'<sup>376</sup> ETG chairman Cedric Brown said in an interview with *Platts* in 2004 that ETG would be selling its 13 billion m<sup>3</sup> of gas to state companies in Poland, Hungary, Slovakia and to customers in Germany.<sup>377</sup> A March 2004 press release from JKX Oil & Gas Plc, the British company with an indirect interest in ETG, stated that following an agreement with Benam Holdings Ltd in June 2003, a three-year gas export sales contract was negotiated with ETG for JKX's subsidiary (Poltava Petroleum Corporation) to supply 720 million m<sup>3</sup> of gas to Slovakia.<sup>378</sup> An internal audit of Naftohaz, seen by Global Witness, showed that the Ukrainian state company received 4.15 billion m<sup>3</sup> of Turkmen gas into underground storage in 2004.<sup>379</sup>

ETG was a small company dealing with large sums of money: its workforce totalled just 30 people, according to Andras Knopp, speaking to the *Kyiv Post* in 2003.<sup>380</sup> For its services, ETG earned US\$220 million in 2003 alone, on a turnover of US\$2 billion, according to its own figures published on its website.<sup>381</sup> No other financial reports from ETG's two years of operation have been made public. Docu-

ments seen by Global Witness show that ETG held a bank account at a branch of Raiffeisen Bank in Budapest.<sup>382</sup>

If ETG's profits for 2003 are subtracted from its turnover, the remaining sum is US\$1.78 billion. Aside from the payment of US\$425 million to Gazprom for transportation services, it is not clear what other costs ETG incurred that would account for this sum. One expert who examined the deal for Global Witness said that the costs would have included the storage of ETG's 13.4 billion m<sup>3</sup> of gas in Ukraine

and the shipping of portions of this gas sold to European countries; ETG would be paid for its gas and its transportation to other countries, but would have to pay the owners of the pipelines for their use.<sup>383</sup> With ETG providing so few figures about its operations, it is difficult to understand exactly how the company worked.



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ETG's Andreas Knopp: communist official turned gas executive. *Kyiv Post*

Some critics, such as Gazprom minority shareholder Hermitage Capital, believed that ETG might have been expected to make a larger profit than US\$220 million by selling its 13.4 billion m<sup>3</sup> of gas in Ukraine and the rest of Europe. This gas would have been worth over US\$1 billion, depending on where it was sold. The expert who examined ETG's financial figures for Global Witness stated that ETG's gas prices may not have been that high due to constraints imposed by Naftohaz and Gazprom. He added: 'The profit looks probably smaller than one would have expected, given even that the prices were enforced and [given ETG's] likely costs.'<sup>384</sup> Global Witness wrote to ETG concerning its stated profit, but the company declined to answer our questions.

Though Gazprom was getting a substantial sum for guaranteeing transit for ETG, critics of the deal, including Hermitage Capital, argued that with no interest in the company, Gazprom lost lucrative earnings, ceding the 13.4 billion m<sup>3</sup> to ETG, which it sold to Gazprom markets in European countries. Gazprom would have lost more business in 2004, when ETG sold more amounts of gas in European markets than in 2003, according to figures from Russian energy expert Jonathan Stern.<sup>385</sup>

It is also unclear where ETG's profits went. In 2003, ETG's share structure was still in transition and ETG released no information on its dividends. In interviews with journalists, ETG's managing director, Andras Knopp, stated that the first dividends were to be used to increase the base capital with the aim of financing ETG's investment projects.<sup>386</sup> Global Witness wrote to ETG for clarification on what these projects were and how much they cost. The company declined to answer our questions.

No financial information was given by ETG in 2004. As the analyst who examined the ETG deal for Global Witness

stated: '[ETG's] finances aren't transparent – that's a problem.'<sup>387</sup> It is clear that ETG was making a lot of money, but without Naftohaz or Gazprom as direct shareholders, the beneficiaries of the scheme remain unknown. The role of the mysterious Dmytro Firtash has yet to be fully explained, as has the involvement of the Cypriot Dema companies, and a group of British businessmen whose names will reappear in the next section concerning RosUkrEnergo.

ETG's contract specified that it was supposed to supply Turkmen gas to Ukraine until 2006; this was confirmed in June 2004 by Gazprom.<sup>388</sup> Yet on 26<sup>th</sup> July 2004, President Putin met President Kuchma in Yalta 'with businessmen from the two countries. The parties achieved an accord to jointly scheme gas deliveries to the Ukraine,' according to a report on Gazprom's own website.<sup>389</sup> Three days later, Gazprom signed various documents 'identifying terms and conditions of the Russian-Ukrainian cooperation in natural gas supplies and transit up to 2028' via a joint venture named RosUkrEnergo, owned 50%-50% by subsidiaries of Gazprombank and Raiffeisen Zentralbank.<sup>390</sup>

No reason was given by Gazprom for the cessation of ETG's contract. According to Zeev Gordon, speaking with Global Witness in a phone interview in August 2005, the ETG contract was terminated because 'there was a lot of bad publicity. In such a sensitive business, even a rumour is already not good for business.'<sup>391</sup> Literature on the subject suggests that Gazprom's failure to buy into ETG and the latter's increasing sales in Europe resulted in Gazprom terminating ETG's contract.<sup>392</sup> This may be borne out by a comment made by a source in Gazprom to a Russian newspaper in late 2003, expressing concern about ETG's European sales: 'The most unpleasant thing is that we ourselves actually gave up a part of the Polish market to ETG.'<sup>393</sup>

## 4. RosUkrEnergo

So Eural Trans Gas, like Itera before it, had been ousted from the highly profitable middleman role in the Turkmenistan-Ukraine gas trade. The company which replaced it, RosUkrEnergo, has been the subject of growing controversy since it came onto the scene in 2004. Part of this controversy stems from the geopolitical and commercial dispute between Russia and Ukraine over gas prices, which literally sent shivers through Europe in the winter of 2005/6 after Russia briefly blocked gas supplies to Ukraine, leaving some European importers short of energy at the coldest time of year and waking the wealthier part of the continent to the unpleasant possibility that its gas supplies from the former Soviet Union might not be as secure as they had seemed.

The other reason for the controversy is that, as with ETG, there are questions about the beneficial ownership of RosUkrEnergo that have never been answered. There is an enduring mystery about the identities of a group of investors who own half the company, though the shares are actually held for them by Raiffeisen Investment, a subsidiary of Austria's Raiffeisen Zentralbank. Another mystery is the exact relationship between these investors and senior energy officials in Ukraine.

RosUkrEnergo apparently became the object of a criminal investigation in Ukraine which focused, according to the security official who led it, on allegations of official corruption, criminal links and huge financial losses to the Ukrainian state. But as this report will show, that official has since resigned and Ukraine's current security chief has denied that the investigation ever took place. No wrongdoing has been established on the part of RosUkrEnergo or its shareholders, but the questions about its ownership remain.

Despite the controversy, RosUkrEnergo's importance has actually grown since the end of the Ukraine-Russia gas price row in early 2006; the company is not only the sole importer of gas into Ukraine but is also involved in a joint venture with Naftohaz Ukrayiny, the state oil and gas company, which allows the intermediary to dominate the domestic gas market within Ukraine. In short, the energy supply of a country of nearly 50 million people, and a vital route for gas imports into the European Union, appears to flow through this one mysterious company.

### RosUkrEnergo's share structure

Sergei Kupriyanov, the press secretary of Gazprom's chair-

with RosUkrEnergo will make the business for supplies of Central Asian gas to Ukraine more transparent.<sup>395</sup> But if anything, the questioning in Ukraine has intensified.

RosUkrEnergo was registered in Zug, Switzerland on 22<sup>nd</sup> July 2004: four days later, Presidents Putin and Kuchma met in Yalta and oversaw the signing of contracts between the new company, Gazprom and Naftohaz.<sup>396</sup> RosUkrEnergo is different from previous intermediary companies in one important way: Gazprom, which had never owned shares in Eural Trans Gas, owns half of RosUkrEnergo through an Austrian firm called ArosGas Holding AG, which is owned by Gazprombank.<sup>397</sup>

The other half of RosUkrEnergo is owned by another Austrian company, CentraGas Holding AG, which is a wholly-owned subsidiary of Raiffeisen Investment.<sup>398</sup> Wolfgang Putschek, an executive at Raiffeisen Investment, told Global Witness that his company was managing the CentraGas shareholding on behalf of 'a consortium of Ukrainian businessmen and companies, very knowledgeable in the gas trading business, very well-connected in the Ukraine.' He said these were people who 'know about the local background, local politics' but do not want to be named. 'All I can say,' Putschek added, 'is that everyone we have contractual obligations with has undergone the strictest compliance [procedures].'<sup>399</sup>



Raiffeisen Investment's Wolfgang Putschek represents a mysteri-

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Putschek told Global Witness that RosUkrEnergo was registered in Zug for tax reasons. The rate for multinationals there is a comparatively low 13%. Putschek added that Raiffeisen Investment was involved because of its 'extremely good knowledge of the Eastern European market' and because of what it brought to the table in making 'the structure more transparent'.<sup>400</sup> He added that Raiffeisen Investment provided financing for the company and also made investments, notably in gas fields in Russia. He said that Raiffeisen Investment was looking for an investor who may enter RosUkrEnergo at a future date, and that talks had been conducted in this regard with British firm Centrica, though these had been put on hold in mid-2005 because of the political situation in Ukraine.<sup>401</sup>

Putschek told Global Witness that RosUkrEnergo was not a transit company, as Eural Trans Gas had described itself, but a trading company dealing with what he described as coordination and strategic issues in Ukraine. According to Putschek, Gazprom is the controlling force in RosUkrEnergo: the Russian company needed a reliable way to get gas from Turkmenistan to customers in Ukraine. Gazprom buys the gas directly from Turkmenistan, he said, and transports it to the Russian-Ukrainian border. RosUkrEnergo then buys the gas from Gazprom and resells it to Ukraine, Poland, Slovakia and Hungary.

But why involve RosUkrEnergo at all? Why didn't Gazprom just sell the gas directly to Naftohaz Ukrainy, the Ukrainian state oil and gas company? Offering what he described as his own personal interpretation, Putschek said this was because Gazprom found it difficult to work directly with the Ukrainians; there had been problems with non-payment of debts on the Ukrainian side that had led to accusations from both sides: 'Gazprom just decided that they didn't want to deal with this particular case of business and so subcontracted it to partners who knew about the local background, local politics, who knew how to handle local gas trading in the Ukraine.' Yet Gazprom's chairman, Alexei Miller, stated on Russian television in January 2006 that 'Russia has said several times over that it would be right if the founders of this joint enterprise [RosUkrEnergo] were to be Gazprom and Naftohaz Ukrainy'.<sup>402</sup>

The management of Naftohaz also seems to think that the Ukrainian state, rather than private investors, should be controlling Ukraine's share of RosUkrEnergo. In an interview with *Gas Matters* in July 2005, Oleskei Ivchenko stated that he wanted Naftohaz to buy into RosUkrEnergo: 'If Ukraine becomes a real owner of the structure that manages the [gas supply] contract, then that scheme [with RosUkrEnergo] will be much better.'

Very open, very very transparent  
Raiffeisen's Wolfgang Putschek<sup>394</sup>

ways of changing it.<sup>403</sup> But even if both Gazprom and Naftohaz support this idea, the fact is that, for reasons unknown, Naftohaz has not become a shareholder in RosUkrEnergo.

Was Gazprom right to give up half the revenues from this business to Raiffeisen Investment and its unknown investors? Putschek suggested that Global Witness ask Gazprom, adding: 'Obviously they [Gazprom] decided that this 50% was a fair share to give to these partners'.<sup>404</sup> Global Witness wrote to Gazprom in December 2005, asking this and many other questions. Gazprom is yet to reply.

### **Who's behind CentraGas?**

As with Eural Trans Gas, the intermediary role played by RosUkrEnergo appears to be highly profitable. Putschek told the *Moscow Times* in January 2006 that the company had made US\$500 million in 2005, and that the figure could increase in 2006 due to the new contract signed in January that granted RosUkrEnergo a major role in the Ukrainian gas sector.<sup>405</sup> Putschek told Global Witness that the money would remain in the company to be invested in gas fields and renovation of gas pipelines, including the Central Asia-Centre pipeline, the pipe that runs from Turkmenistan to Ukraine.<sup>406</sup> It is unclear whether work on this by RosUkrEnergo has begun, and how much money has been invested in it so far. With big profits likely to be made, attention has understandably focused on who ultimately owns CentraGas and how it came to own half of RosUkrEnergo.

As in the case of ETG, Russian and Ukrainian officials have offered conflicting opinions about whether the Russian or Ukrainian side was responsible for creating RosUkrEnergo. Gazprom spokesman Denis Ignatyev told the *Financial Times* that it was the responsibility of Ukraine to screen the owners of CentraGas: 'If the [Ukrainian] government signs something saying these are our representatives, we don't ask further questions.' He added that Gazprom probably did know who these people were, but would have no right to disclose their identities.<sup>408</sup>

After RosUkrEnergo was contracted to supply gas to Ukraine following the January gas crisis, Ukraine's president, Viktor Yushchenko, speaking on television in January 2006, asserted that Gazprom created RosUkrEnergo. He admitted that he didn't know exactly who had hired the CentraGas

shareholding in RosUkrEnergo, even though the company had become the sole supplier of gas to his country: 'They may have been Ukrainians but I really don't know who these people are. When it was set up two years ago, the founders of RosUkrEnergo could have been anybody... anybody.'<sup>409</sup>

Russia's President Vladimir Putin had a different take. Asked by a Spanish journalist in January 2006 who was behind RosUkrEnergo, he said: 'Ask Viktor Yushchenko. Gazprom has a 50% stake and the Ukrainian side has 50%. I said to Viktor Yushchenko, "we would welcome it if your 50% is held directly by Naftohaz Ukrain[y] [the Ukrainian state company]. But this was not our decision. It was the Ukrainian side's decision. Who the names are behind the 50% stake held by Raiffeisen Bank, I don't know any more than you do and Gazprom does not know either, believe me ... It was they [the Ukrainian side] who proposed that RosUkrEnergo supply gas to Ukraine instead of Gazprom. We agreed.'<sup>410</sup>

It seems strange that Russia would not know who owned the other half of RosUkrEnergo, since the implication would be that Gazprom has gone into business, in a profitable and economically strategic field, without knowing who its business partners are.

When Global Witness turned to Putschek in March 2006 for clarification on some of his statements concerning CentraGas, he agreed to a phone conference arranged via CentraGas' PR firm, Merlin Corporate Reputation Management. The firm asked to see the questions in advance. After receiving the questions, Merlin wrote to Global Witness saying that Putschek had nothing further to add to his earlier interviews. However, Merlin did give Global Witness a statement concerning CentraGas' involvement in Ukraine: 'CentraGas is firmly behind the development of a liberalised, competitive and market-based system of gas supply and distribution

in and around Ukraine. The process that has taken place over the last few months is part of a challenging, but necessary transition towards a market-based pricing mechanism.'<sup>411</sup> Global Witness does not see how this commitment to a liberalised and competitive Ukrainian gas market can be squared with CentraGas' resolute refusal to name its ultimate owners.

### **A conflict of interest? Ukrainian officials and RosUkrEnergo**

There is something opaque and unexplained in the relationship between RosUkrEnergo and Naftohaz Ukrainy, the Ukrainian state oil and gas company. When RosUkrEnergo was set up in July 2004, a report on Gazprom's website said that: 'The company will be managed by a coordination committee representing Gazprom, Naftohaz Ukrainy, Gazprombank and Raiffeisenbank.'<sup>412</sup> RosUkrEnergo's managing director later said that this committee 'takes all the major decisions' for the company.<sup>413</sup> But why would Naftohaz have been represented on this committee, given that the Ukrainian half of RosUkrEnergo was not controlled by the Ukrainian state but by a group of private Ukrainian investors?

Global Witness has seen a document showing that two top Naftohaz officials were in fact appointed to the committee, but it was not the Ukrainian state that put them there. The document is a record of the minutes of RosUkrEnergo's inaugural meeting on 29<sup>th</sup> July 2004: all of its significant points have been confirmed by other sources. The document lists the names of the eight members of the committee. Four of the eight are senior people from Gazprom or Gazprombank, which makes sense given that the Russian company owned half of RosUkrEnergo, via ArosGas Holding.<sup>415</sup>



RosUkrEnergo's Chubichenko (left) and Dolzhikov: the first cracks for Gazprom, but whom does the other serve?

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The record also shows that four people were nominated by CentraGas Holding, a private company, to be on the coordination committee.<sup>416</sup> One of them is Putschek himself, an executive of CentraGas. Two other names are those of Yuri Boiko and Ihor Voronin. At the time the committee was set up they were the chairman and deputy chairman, respectively, of Naftohaz Ukrainy, the Ukrainian state oil and gas company. So what were two such senior public officials doing on a key committee of a private company, at the behest of private investors? The conflict of interest is clear.

Global Witness has been unable to answer this question because neither Boiko nor Voronin has responded to repeated requests to comment on this document and its implications. Following the revelation of the document in early 2006, Global Witness asked Putschek about Boiko and Voronin's role on the committee: Putschek declined to comment. He agreed to talk to Global Witness again in March 2006 but after being sent a list of questions, including a question on Boiko and Voronin, CentraGas' PR company replied that: 'They [Putschek and his colleagues] have done their best to answer all these points, and that they have nothing further to add to their responses.'

Both Boiko and Voronin are no longer on RosUkrEnergo's coordination committee, according to Ukraine's prime minister, Yury Yekhanurov. In January 2006, he told a press conference that he had seen a letter from RosUkrEnergo, dated June 2005, which stated that Voronin had left the committee.<sup>417</sup> The timing of this letter would have coincided with the announcement of a Ukrainian criminal investigation into RosUkrEnergo (see section: *The Ukrainian criminal investigation that never was?*). The prime minister added that a similar letter existed for Boiko, though he himself had not seen it.<sup>418</sup>

The situation is further complicated by the internal politics of Ukraine. Both Boiko and Voronin were fired from Naftohaz at different times in 2005 after the Orange Revolution, which brought Viktor Yushchenko to power.<sup>419</sup> Yet at some point later in the year, Voronin was rehired as Naftohaz deputy chairman.<sup>420</sup> As far as Global Witness can ascertain, Voronin's rehiring was not announced, but a source familiar with the company told Global Witness that Voronin was rehired sometime after September 2005, when President Yushchenko dismissed his former ally, Yulia Tymoshenko, as prime minister.<sup>421</sup> Voronin's rehiring would have implications for the investigation into RosUkrEnergo, and the negotiations with Russia in early 2006 which saw RosUkrEnergo become the sole supplier of Turkmen gas to Ukraine. The head of Naftohaz, Oleksiy Ivchenko, said in January 2006 that Voronin had been included in talks be-

If you want to look at the internal structure  
of RosUkrEnergo, once again, it's not a  
secret

*Wolfgang Putschek<sup>412</sup>*

tween Russia and Ukraine in late 2005.<sup>422</sup> The fact that, in early January 2006, RosUkrEnergo was granted a concession to supply large amounts of Turkmen gas to Ukraine can only raise questions concerning Voronin's earlier involvement on RosUkrEnergo's coordination committee.

The fourth of the CentraGas nominees to the coordination committee is a name that featured prominently in the story of Eural Trans Gas: Robert Shetler-Jones.

### **The fourth man: Robert Shetler-Jones**

The RosUkrEnergo document reveals that the fourth man on the Ukrainian side of the company's original coordination committee was Robert Shetler-Jones. This was confirmed in June 2005 by Raiffeisen's Putschek, speaking to Global Witness. His inclusion on the committee seems at odds with original press reports that stated the committee consisted of officials from Gazprom, Naftohaz Ukrainy and Raiffeisen. As a private businessman, it is not clear how Shetler-Jones would represent the interests of any of these entities.

Global Witness asked Putschek whether Shetler-Jones was part of the mysterious consortium of businessmen who own CentraGas and are represented by Raiffeisen Investment. Putschek would neither confirm nor deny whether Shetler-Jones was part of this consortium; this topic was off limits because the individuals did not want to be revealed, he said. He went on to explain Shetler-Jones' involvement on RosUkrEnergo's coordination committee by saying to Global Witness, 'he knows what went on in the past and can talk to Gazprom about this,' adding that his perfect Russian language skills were a key asset in such a complex business: 'He's bilingual'.<sup>423</sup>

At Global Witness' meeting with Putschek in late June 2005, he said that Shetler-Jones was being replaced on the committee, though he was unclear as to whether this had been achieved: 'He was... actually yes... he was on the coordination committee, he will be removed, he was removed, I don't know if he has been formally removed, but definitely the decision has been made to replace him with someone from Raiffeisen.' This was because, according to Putschek, Shetler-Jones was not needed anymore, following the com-